



# DOING BUSINESS IN THE UNITED KINGDOM

## THE U.S. COMMERCIAL SERVICE

The United States and the United Kingdom are often described as having a special relationship. While Winston Churchill may have originally coined this expression in reference to our military cooperation during the Second World War, it remains true today. This relationship is the natural outcome of our common history and culture, our shared belief in the rule of law, our faith in the ideals of democracy, freedom and tolerance, and our commitment to free trade and open markets.

Bilateral trade between our countries is strong and growing. The UK has a GDP of \$2.2 trillion, and remains America's largest European export market and fourth largest export market worldwide, after Canada, Mexico and Japan. In 2005, the United States exported \$38.6 billion in goods to the UK, and imported British goods worth \$51.1 billion. Major exports from the United States to the UK include: aerospace; apparel; automotive parts and service equipment; computers and peripherals; cosmetics and toiletries; drugs and pharmaceuticals; education and training; medical equipment; pet products; pollution control equipment; renewable energy equipment; safety and security equipment; and telecommunications equipment.

Over the past 25 years, our service sectors have become an important feature of the U.S. economy and U.S. exports of services to the UK now exceed manufactured goods. For example, the UK is our largest overseas market for travel and tourism, contributing almost 4.7 million visitors and \$10 billion to the U.S. economy in 2005. Other important U.S. service sectors experiencing success in the UK include transportation services; architectural, construction, and engineering services; education and training services; banking, financial, and insurance services; entertainment; information services; and professional business services.

Our bilateral investment levels are also second to none. As of 2004, U.S. direct investment in the UK reached \$303 billion while the corresponding figure for UK investment in the United States was \$252 billion. Over the past three years, American investment in the UK has created over 60,000 new jobs. In fact, approximately one million UK citizens worked for American-owned companies in 2004, while an equal number of their counterparts in the United States have found employment with British-owned businesses.

The size, maturity and openness of the UK market are also its greatest challenges. American companies seeking to enter this market, or expand their market share, face tough and well established competition from both domestic and third country competitors. Entry strategies will vary by the particular sector, but new entrants will need a strong competitive advantage, such as price or product quality, to enter and survive in the market over the long term. New entrants in the UK market are also advised to partner with an experienced and established local representative.

In addition to its importance as a bilateral business partner, the UK also serves as a natural gateway to Europe, the Middle East and Africa. U.S. companies have found that establishing a base in the UK is an effective means of accessing the European Single Market, and the abolition of most intra-European trade barriers enables them to operate throughout the EU. As a result, approximately 5,700 American companies have operations in the United Kingdom, including all of the top 100. The UK hosts more than half of the European, Middle Eastern and African corporate headquarters of American-owned firms.

For more information on doing business in the UK we invite you to contact the U.S. Commercial Service.



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## TRADE STATISTICS

- Total U.S. exports (goods) to the UK in 2005 = \$38.6 billion
- Total U.S. imports from the UK (goods) in 2005 = \$51.1 billion
  
- Total U.S. exports (services) to the UK in 2004 = \$ 40.1billion
- Total U.S. imports from the UK (services) in 2004 = \$ 32.9billion

### Top 10 States Exporting to United Kingdom (in millions \$ USD)

State	2000	2001	2002	2003	2004	2005
U.S. Total	41,579	40,798	33,253	33,895	35,960	38,629
California	5,985	5,589	4,347	4,360	5,206	5,029
New York	3,747	3,131	2,369	3,283	2,845	2,894
Texas	2,429	2,468	2,081	1,130	2,284	2,523
Illinois	1,833	1,674	1,605	1,544	1,859	1,851
New Jersey	1,723	1,639	1,336	1,407	1,772	1,766
Massachusetts	1,933	1,851	1,579	1,430	1,503	1,628
Indiana	840	941	1,007	1,209	1,282	1,516
Puerto Rico	839	1,869	977	942	1,024	1,200
Georgia	626	783	954	1,036	1,111	1,176
Ohio	1,066	1,284	1,289	1,242	1,185	1,154

### U.S. Trade by Commodity with United Kingdom (in millions \$ USD)

Commodity	2000	2001	2002	2003	2004
Aircraft and Associated Equipment	4,622	4,936	2,859	3,097	2,655
Nonelectric Engines and Motors	2,193	2,122	1,895	2,147	2,273
Medicaments (Including Veterinary Medicaments)	1,041	2,136	1,580	1,546	1,841
Automatic Data Processing Machines	2,208	1,980	1,390	1,340	1,485
Parts For Office Machines & ADP Machines	2,388	1,813	1,300	1,244	1,405
Thermionic, Cold Cathode and Photocathode Valves	2,333	1,785	1,159	1,008	1,366
Telecommunications Equipment	1,588	1,410	1,106	1,148	1,366
Measuring/Checking/Analyzing Instruments	1,425	1,439	1,218	1,239	1,253
Works Of Art, Collectors' Pieces And Antiques	902	1,080	707	876	1,072
All Motor Vehicles	353	549	660	903	904

The U.S. Commercial Service provides a wide range of services and support to U.S. exporters, U.S. subsidiaries and affiliates, business organizations, trade associations, and other federal, state and municipal government agencies involved in international business. These services include business counseling/consulting, customized market research, business facilitation, trade promotion, business advocacy, outreach and commercial diplomacy in support of broader mission goals and objectives.

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